

**TESTIMONY BY RONAY MENSCHER, CHAIRMAN OF THE BOARD OF  
PHIPPS HOUSES BEFORE THE HOUSE GOVERNMENT REFORM  
SUBCOMMITTEE ON FEDERALISM AND THE CENSUS, Monday, July 25,  
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New York City is seen by the nation as a huge metropolis. It is that, but more telling is to look at it as a constellation of neighborhoods. The strength of our communities, to which residents are tied, is what makes any large metropolis work. The Community Development Block Grant program has played a major role in the ongoing preservation and renewal of neighborhoods. What we of Phipps Houses do in the Melrose, West Farms and Morrisania communities of the Bronx is critical to our residents and ultimately important to the viability of the entire City.

CDBG is in its 31<sup>st</sup> year. CDBG has made possible the transformation of many New York City communities from massive abandonment to thriving neighborhoods. Not only do our buildings look better when you drive in from the airports, but the social capital of these neighborhoods is far healthier. The flexibility of CDBG's administration, giving the City a broad range of decision making authority, has made this program so valuable to every municipality in the country. Admittedly, our task is not done – in the case of New York City, we have a new generation of properties to preserve and new housing to build to address the City's housing crisis, particularly for low and moderate income families. But, there is no question that CDBG has been the lynchpin in the broad revitalization of New York City's neighborhoods in the past quarter of a century, complementing the major City capital investment in affordable housing launched by the Edward I. Koch Administration in 1986.

Phipps Houses has been in the low and moderate income housing business for 100 years. We were founded with a million dollar gift by Henry Phipps, an associate of Andrew Carnegie, in 1905. The purpose was to build housing that met building standards and yet was affordable to what were then called the "working classes". Henry Phipps was prescient in his understanding of the social value of well maintained (while modest) housing to people as they pursued education and better economic circumstances for themselves. Since 1905 Phipps Houses has built housing through several generations of federal, state and city housing programs. We now own over 4100 units in The Bronx, Manhattan and Queens, and we continue to add to our portfolio. Importantly, we stay with the housing we build and invest in the community.

In the past fifteen years we have built an extensive human services program to support the educational and economic aspirations of our residents; we have led community planning and revitalization efforts. Our work mirrors the objectives of CDBG and in a number of instances, our residents receive assistance from CDBG funded programs.

One of New York City's programs aided by CDBG is the Neighborhood Redevelopment Program, providing financing to locally based not-for-profit organizations that acquire and rehabilitate occupied City-owned buildings. In the early 90's we assumed

responsibility for five such properties in the South Bronx Morrisania community surrounding Crotona Park where earlier we had successfully completed the rehabilitation of 20 vacant buildings (through the City's Vacant Cluster Program) and established a strong community through our social services program. The five NRP buildings were partially occupied when we assumed responsibility for them. A combination of tax credits, City capital and CDBG funding enabled us to transform the five properties into 107 homes for mostly low income families. This meant significantly improved housing for the 107 families, *and* integration into our Crotona Park community for whose residents we provide social, economic and educational assistance. Many of the services are sponsored by Phipps Community Development Corporation, our social service affiliate: Head Start, GED and ESL training, assistance in locating jobs, adult literacy, and specialized assistance for seniors. These programs are both privately and publicly funded. In addition, we refer people to other agencies for specialized care. Some of these agencies are funded by CDBG: assistance for mental health issues, immigrant legal assistance, domestic violence intervention and prevention, and youth leadership programs. This entire mosaic of services, closely tailored to the needs and cultural traditions of a particular community, is critical to making our communities viable. Today, both the original 20 buildings opened in 1993 after rehabilitation and the five NRP buildings added in 2000 are in excellent condition, reflecting careful property management and the strong social fabric of the community.

As part of our human service investments in our neighborhood, we also run a "Beacon School" -- in West Farms, another South Bronx neighborhood. The Beacon Schools are administered by the Department of Youth and Community Development; they provide comprehensive youth and community development services to both youth and adults in the community. CDBG funds a number of the City's Beacon Schools. We received our first Beacon School grant in 1993.

Our Beacon School is located in our second major South Bronx community, West Farms where Phipps Houses has owned housing since 1973. In total we own approximately 1200 units of housing in West Farms, including a new building we call Honeywell, which we are now tenanting. Our receipt of the Beacon School designation, and the \$400,000 grant that came with it, was a major impetus to our organization to look more broadly than we had in the past at programs we could bring into the community to revitalize it and assist residents. (The community had been hard hit by drugs and abandonment in the '70s and '80s). Having the Beacon School enabled us to move a small after-school program we had operated in our buildings to the local school and thereby serve a broader community through after-school, weekend, and other programming. It also became the base for community planning, more effective communication between residents and the local police, and a drive for numerous physical improvements in the neighborhood. The result is that over the past 15 years a new Park has been built in the heart of West Farms; major improvements were made to a second park along the Bronx River so it could be used by residents and not drug dealers; and with the community and Green Thumb (CDBG funded), we transformed a large debris filled lot behind our Beacon School into a community oasis and environmental learning center. We have been a participant in the

Bronx River Project (funded by CDBG); and, The Bronx River Art Center and Gallery (CDBG funded) is a major cultural resource located across the street from the Beacon.

Further, as an organization – again with the impetus of having the Beacon School designation – we attracted Montefiore Hospital to locate a Family Practice medical center near-by, and over the years we have sponsored job development, computer training, and GED/ESL programs which I am proud to say have been successful. The Technology Center is giving youths state of the art computer training in a professional environment. The Center has received major assistance from Congressman Jose Serrano.

A footnote to this community building picture is the home ownership opportunities that have been made possible through the New York City Partnership's home building program— and the loans for first time home purchasers supported by CDBG. Homeownership in contiguously built two and three family homes has been an important stabilizer in New York City communities – something that we see in both West Farms and Morrisania.

Investments that organizations like ours have made have stimulated improvements by owners of private real estate in the surrounding areas. The maintenance of these investments, however, requires eternal vigilance. This is why the City's inspection/code enforcement program, emergency repair program, anti-abandonment and 7A programs, while not applied to our properties, are so important in preserving the physical fabric of our neighborhoods. The alternative of deteriorating buildings in one part of the neighborhood adversely affects all of us – it is part of the same phenomenon that we as building managers face in not letting graffiti remain on the walls, or a destructive tenant remain in the property, both serving to undermine the safety and habitability for other residents.

Different from some other so-called “anti-poverty” programs, CDBG has been successful because of the decision making authority vested in the locality, and the number of locally responsive investments it affords – all coordinated to achieve a value larger than the sum of its parts. These investments are broader than local commerce – and appropriately administered through the federal agency that best knows community development, HUD. It is appropriate that the federal government provide this support to communities with low income residents, many of whom are recent immigrants to our country or people who need additional assistance to enter the economic mainstream. The needs of these people must be a national concern and thus receive national support.